



Special Notice

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OF EQUALIZATION

Sales and Use Tax Rates To Decrease in San Benito and Tulare Counties on January 1, 1998

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San Benito County Rate Will Decrease to 7.75%

On January 1, 1998, the sales and use tax rate in San Benito County will decrease from 8.25 percent to 7.75 percent. The decrease is the result of the expiration of the 0.50 percent San Benito County General Fund Augmentation (SBTU) district tax, which expires at midnight December 31, 1997. If you collect SBTU sales tax reimbursement or use tax after December 31, 1997, you must return the amount of tax to your customers or forward it to the state.

Although the SBTU tax will be expiring, the other tax district in the county — the 0.50 percent San Benito County Council of Governments (SBCG) district — will remain in effect. The new tax rate reflects the standard statewide rate of 7.25 percent plus 0.50 percent for the remaining district.

If your taxable transactions are subject to the SBCG tax, you should apply the rate of 7.75 percent. Otherwise, you should use the rate of 7.25 percent. Your taxable transactions are subject to the SBCG tax, and you must apply the 7.75 percent tax rate, if you

- Are a retailer in the county and your merchandise is sold and delivered within the county.
- Are a retailer located outside the county who is *engaged in business* in the county and you sell merchandise for use in the county. You are considered to be engaged in business in the county if you (1) have any type of business location there, (2) deliver into the county using your own vehicles, or (3) have an agent or representative in the county who makes sales, takes orders, or makes deliveries.
- Are a dealer of vehicles, vessels, or aircraft, and you sell those items to persons who will register them in the county.
- Collect tax on lease payments you receive for leased property used by the lessee in the county.

What if my San Benito County contract specifies a higher tax rate?

For sales made (property delivered) on or before December 31, 1997, or for lease payments received on or before that date, the higher rate will generally apply. However, if your sale occurs or lease payments are received on or after January 1, 1998, the 7.75 percent rate will apply.

Tulare County Rate Will Decrease to 7.25%

On January 1, 1998, the sales and use tax rate in Tulare County will decrease from 7.75 percent to 7.25 percent. The new rate is the result of the expiration of the Tulare County Transactions and Use (TCTU) Tax, which has been in effect since October 1, 1995. If you collect TCTU sales tax reimbursement or use tax after December 31, 1997, you must return the amount of tax to your customers or forward it to the state.

What if my Tulare County contract specifies a higher tax rate?

For sales made (property delivered) on or before December 31, 1997, or for lease payments received on or before that date, the higher rate will generally apply. However, if your sale occurs or lease payments are received on or after January 1, 1998, the 7.25 percent rate will apply.

For More Information

If you have any questions regarding this notice, or if you would like to obtain tax rate charts for the new rates, please call our Information Center at 1-800-400-7115. Staff are available from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding State holidays.